

REPORT SUMMARY

State Auditor's Office

This report contains the results of our financial-compliance audit of the State Auditor's Office (office) for the two fiscal years ended June 30, 2008. This report contains eight recommendations directed to the office concerning internal controls, compliance with state laws, and accounting issues. The prior financial-compliance audit of the office for the two fiscal years ended June 30, 2006, contained seven recommendations.

We issued an unqualified opinion on the office's financial schedules for fiscal years 2007-08 and 2006-07. This means the reader may rely on the financial information presented in the financial schedules and supporting data on the state's accounting system.

The listing below serves as a means of summarizing the recommendations contained in the report, the office's response thereto, and a reference to the supporting comments.

Recommendation #1

We recommend the office enhance and implement internal controls over the Insure Montana Program.6

Office Response: Do not Concur..... B-3

Recommendation #2

We recommend the office enhance and monitor revenue coding and reconciliations to ensure the revenue amounts reflected on the state's accounting system are accurate and supported.7

Office Response: Concur..... B-4

Recommendation #3

We recommend the office:

- A. Establish written insurance license procedures to ensure refunds are issued when collections exceed legally required payments.
- B. Issue refunds and charge the correct application fees for nonresident producer licenses as required by state law.8

Office Response: Concur..... B-4

Recommendation #4

We recommend the office implement procedures for monitoring and testing its internal control as required by state policy.9

Office Response: Concur..... B-5

Recommendation #5

We recommend the office:

- A. Transfer excess fees to the General Fund as required by state law.
- B. Establish procedures to ensure all excess annual leave is used by employees or forfeited in accordance with state law.
- C. Instruct insurers to return certificates of authority as required by state law.
- D. Charge the appropriate fee for the genetics program in accordance with state law.

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Office Response: Concur.....B-5

Recommendation #6

We recommend the office ensure personnel are paid out of the correct program budget.

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Office Response: Concur.....B-6

Recommendation #7

We recommend the office record contract accruals, and record and have adequate support for accounts receivable balances for the Insure Montana Program, in accordance with state law and policy. 13

Office Response: Concur.....B-6

Recommendation #8

We recommend the office adequately support the revenue estimates recorded on the accounting system. 13

Office Response: Concur.....B-6